



# Bulletin from the EUROPEAN COMMUNITY for coal and steel

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## FORUM OF THE NEW EUROPE

### European Parliament's Wide-Ranging Session

IT is evident that being a member of the European Community's Parliament is going to <sup>make</sup> involve substantial inroads into the time ~~and work~~ of those ~~who are~~ chosen by their national parliaments to <sup>fulfill this task</sup> fulfill this task. <sup>role.</sup>

Now that the European Parliament is surveying the work of three executives—the High Authority, the European Economic Commission and the Euratom Commission—its tasks have become infinitely more numerous and exacting, and the members of its thirteen standing committees in particular will find its calls on their time very heavy.

An indication of the <sup>task</sup> ahead was given by the second half of the adjourned May session, which was resumed on ~~the morning of~~ June 21. By the end of the following week, the deputies emerged exhausted from a series of night-sessions and tightly-packed debates. The subjects ranged from ~~the eagerly awaited~~ consultation on the site of the Community's institutions, through the Euratom-United States agreement on nuclear power development, the state of negotiations on the Free Trade Area, and co-operation between the executives of the three Communities, to the frequently technical and complex details of the High Authority's Sixth Annual Report and the current state of the coal and steel markets.

#### "The Conscience of Europe"

Probably the most solemn moment came at the opening of the Assembly's session on June 21 when members stood in silence for one minute in memory of the four leaders of the Hungarian revolution, among them Imre Nagy and General Pal Maleter, who had just been executed. The members saw in this deed a further reason for hastening the unity of Europe.

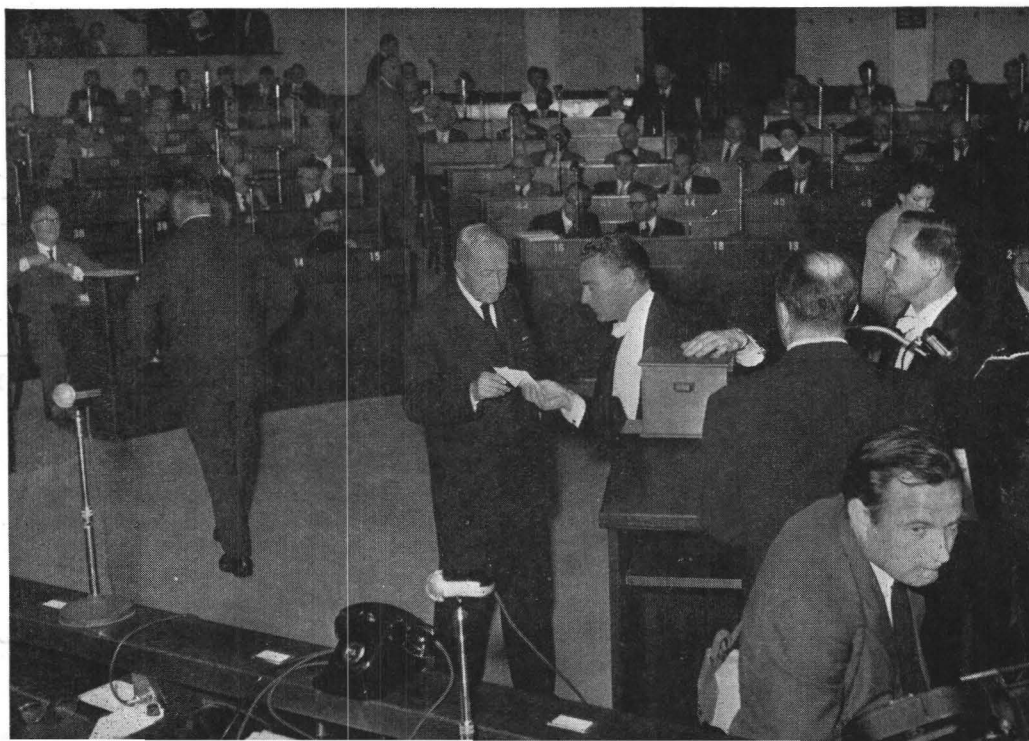
The Parliament's President, Robert Schuman, opened the Session with a brief and moving statement in which he protested vehemently in the

name of the Parliament, which he termed the "conscience of Europe", against this act of cold-blooded murder. The leaders of the three political groups—Christian Democrats, Socialists and Liberals—followed by expressing their horror at what had taken place.

#### Brussels as the Community's Capital?

The Parliament's recommendation <sup>of a</sup> on the site of the Community's institutions, <sup>for</sup> which is ~~widely~~ regarded as almost certain to become the future capital of six-nation Europe, <sup>The debate</sup> had ~~drawn~~ to Strasbourg 127 of the Parliament's 142 members, <sup>and</sup> as well as large numbers of journalists <sup>however,</sup> expecting excitement, if not pitched battles. ~~In fact,~~ The debate generated remarkably little heat, ~~and~~ except for last-ditch attempts by two Luxembourg members to convince their colleagues that it was

Signor Antonio Boggiano-Pico, the oldest member of the European Parliamentary Assembly, hands in his vote on the site for the European capital.



*The debate*  
more important to leave the Coal and Steel Community in Luxembourg rather than have all the executives together in one place, was on an unexpectedly elevated European plane.

The two-tier vote on the 10 competing cities—Brussels, Strasbourg, Nice, Paris, Oise (the French department north of Paris), Milan, Turin, Stresa, Monza and Luxembourg—gave Brussels a clear lead, with 170 points, followed by Strasbourg with 161 and Milan with 155. The first stage of the vote eliminated Paris, Oise, Stresa, Turin and Monza; the second produced the following result:

	Points (3 for first preference 2 for second „ 1 for third „ )	Preferences		
		1st	2nd	3rd
Brussels ...	170	46	7	18
Strasbourg	161	31	26	16
Milan ...	155	30	16	33
Nice ...	153	11	46	28
Luxembourg	99	5	28	28

The Community's Council of Ministers had asked for the Parliament's advice on the choice of a site last March. Its recommendation, which is not necessarily binding, was forwarded to the Ministers immediately, but so far has not produced a final decision. When the Foreign Ministers of the Six met in Brussels on July 1, the absence of an Italian Minister owing to the changes then taking place in the Italian Government caused a further postponement. The Ministers were only able to reaffirm their determination to group all the Six's European institutions in one place as soon as possible, and broke up their meeting without fixing the date of their next meeting (a date in September is considered likely).

### European Federal District Urged

The resolution passed by the European Parliament urged, as had been expected:

- (1) the grouping of the executives of the three Communities in one place;
- (2) the location of the Parliament's secretariat in the same place, where the Parliament's standing committees would also meet.

It also allowed that there might be reasons to hold plenary sessions of the Parliament outside the chosen place and that, while in principle all the Community's institutions should be situated in that place, the Court of Justice, the Investment Bank and the European University could be situated elsewhere if that



would facilitate the concentration of the political bodies in a single place.

The resolution also contained ~~a new feature, however~~ a recommendation, adopted unanimously as an amendment, that the capital should be a "European District," similar to the District of Columbia in the United States and the Federal District in which Canberra is situated in Australia. This could be an important means of ensuring that one of the basic features of a federal state—a federal capital on federal soil—is provided at a comparatively early stage of development.

### The Problem for Luxembourg

If the Ministers follow the Assembly's advice—which, incidentally, coincides with the opinions which the European Commission's President, Walter Hallstein, and High Authority President, Paul Finet, have given to the Ministers—the three executives—the High Authority of the E.C.S.C. and the Economic and Euratom Commissions—will all have their headquarters in Brussels. ~~So will~~ The Parliament's secretariat and its 13 standing committees will also meet there. But the departure of the High Authority and the Parliament's secretariat, ~~however~~, together with the secretariat of the Council of Ministers and possibly ~~also~~ the Court of Justice, would be a temporary blow for Luxembourg's economy, ~~and~~ the threat of Luxembourg's veto in the Council of Ministers on any decision which would take them away has not been withdrawn. Nor is there as yet any indication that France is prepared to relinquish her support of Strasbourg or a site near Paris.

With regard to Luxembourg, there have been suggestions that the European University, to be set up to further the training of atomic and other scientific specialists, ~~should be located in the city, and this might be a partial consolation.~~ *been considered*

Other consolation prizes which have ~~entered into speculation on this subject~~ have been the Court of Justice (for the Hague?) and the European Investment Bank (for Milan?), while the European Parliament's plenary sessions might still be held in Strasbourg. The loophole in the Assembly's resolution leaves the way open for compromises of this nature, which would not fundamentally weaken the principle of a single site, and might nevertheless succeed in obtaining the necessary unanimity in the Council of Ministers.

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*A recent picture of the High Authority of the E.C.S.C. in session. Its Sixth Report was considered by the Assembly at its last meeting.*

### *A New Name for the Free Trade Area (Czech head)*

The Parliament overwhelmingly agreed to a resolution approving the principle of an agreement of European Economic Association—the name now adopted by the Six for the Free Trade Area—to cover agricultural as well as industrial products. At the same time, the resolution insisted on the inviolability of the Common Market, Euratom and E.C.S.C. treaties, and urged not only that any agreement must be conceived as an association of the other 11 O.E.E.C. countries with a Community already in existence, but also that the Community itself must be represented as such in the European Economic Association's institutions.

The resolution also gave the Parliament's almost unanimous support to the proposal of the European Economic Commission for a provisional arrangement by which the 10 per cent tariff cut which becomes effective in the Common Market in January, 1959, would be extended to the other 11 O.E.E.C. countries as far as their mutual trade is concerned.

~~The~~ <sup>strong</sup> reserves <sup>expressed</sup> by several French speakers during the debate were ~~not believed to have been dispelled~~ <sup>however</sup>, although only Paul-Henri Teitgen, French Catholic Popular Republican and former Minister, recorded his disagreement by conspicuously abstaining in the vote.

### *of Area* M. Rey Summarises State <sup>of Area</sup> Free Trade <sup>Area</sup> Talks

Before the debate from the floor of the Chamber, M. Jean Rey, member of the European Economic Commission, had given a detailed account of how the Commission viewed the state of the negotiations.

The two basic principles of the Community, M. Rey said, were that the negotiations for a European Economic Association must be brought to a positive conclusion, and that the Common Market Treaty must remain inviolate. The Economic Community could never aim at achieving a position of autarchy, because that would be a negation of the principles on which it itself was based. Failure to achieve association with the other countries of the O.E.E.C. would bring serious difficulties, as well as trouble within the Community itself.

Paying unreserved tribute to the Paymaster General, Mr. Reginald Maudling, for the "ingenuity and patience with which he had tried to resolve the multiple problems posed", M. Rey nevertheless regretted that the British delegation had

not "intervened in a more active fashion in the talks or stated its views more clearly on problems still outstanding".

M. Rey grouped these problems under four headings :

(1) **External tariffs** : the original proposal to avoid unwarranted shifts in trade patterns by definition of origin would have been too cumbersome to operate in practice and had satisfied nobody. Accordingly, the Carli proposal for a system of



### Plan for Provisional Tariff Cuts

At the moment, M. Rey continued, it was clear that it would be impossible to solve all outstanding problems by January 1, 1959, the date when the first tariff cuts occur in the Community. Even if it were possible, ratification in the various national parliaments would be unlikely to take less than a year. The Commission therefore repeated its proposal for provisional arrangement by which tariffs would be generally reduced by 10% throughout the Free Trade Area countries on January 1, to coincide with the tariff reductions of the Six. This would give a period of two years from now until the next round of tariff reductions in the Common Market. By that time an agreement on a European Economic Association could be signed and ratified. If the negotiations fell through, each country would have complete freedom.

With regard to the objection that an agreement of this nature would be unacceptable to G.A.T.T., M. Rey said the best procedure would be to propose that all the members of G.A.T.T. make a similar reduction of 10% at the same time. This might be the start of the general dismantling of tariffs "which everyone hopes will one day come about". The Commission was convinced that this provisional arrangement was the only way of solving, between now and the end of the year, the problem of association between the Common Market and the other countries of Europe.

### Coal and Steel in a Free Trade Area

Dirk Spierenburg, Senior Vice-President of the High Authority, said the basic principles of the High Authority in the negotia-

tions for the inclusion of coal and steel in a European Economic Association were that the Community's industries should not be handicapped in relation to the industries of other countries in the Association, and that the balance between producers and consumers provided by the E.C.S.C. Treaty should be respected.

Any agreement should include : rules on prices which would ensure that Community producers (who have to publish their price lists) did not compete on unfavourable terms ; a ban on direct subsidies parallel to that in the E.C.S.C. Treaty ; a procedure to avoid distortions of competition, particularly as a result of Government action affecting the coal and steel industries ; and means of associating the other countries with any action taken by the High Authority to allocate supplies in a boom ("serious shortage") or to fix quotas in a slump ("manifest crisis").

On the provisional arrangement proposed by M. Rey, Mr. Spierenburg said that, as the E.C.S.C.'s external tariff had already been much reduced when the harmonized tariff came into force last February, the 10% tariff cut was not justified for coal and steel by the reasons advanced by M. Rey. The question of a further cut in the harmonized tariff had still to be examined by the Governments.

### Co-ordination of Three Communities

At the end of the session the Assembly adopted without a division a resolution urging the three executives to overcome the failure of the Treaties to provide an organic link between them, and thus achieve the unity implicit in their conception, by taking a "dynamic view" of the structure of the institutions. The Assembly asked its Committee for Political Affairs and Institutional Questions to examine the problem with the three executives and to draw up a report for the next session ; meanwhile it charged it with keeping a close watch on the development of relations between the various institutions.

Earlier, Professor Walter Hallstein, President of the European Economic Commission, speaking on behalf of the three executives, had announced a wide series of measures designed to achieve a degree of co-ordination between them at all levels. At the top, the Presidents of the three executives had already held several meetings ; these were now to become regular, he said, and would be devoted to the general policy of the Community. In addition, inter-executive groups, comprising one or more members of each executive, were to be set up for external relations, economic and financial policy, energy policy, labour questions, transport and Press and information.

At operational level, the three executives would aim at action to permit political unity, a united front towards other countries, and the most rational use of the means at the Communities' disposal, Herr Hallstein said. At all levels tasks could be carried out by a department or service of one Community on behalf of another, and various joint services would be set up.

The Economic Commission would take the main responsibility for studying the state of economic activity, while the High Authority of the E.C.S.C. would be responsible for the co-ordination of energy policy. In both cases, the other two executives would participate in the work undertaken. The three executives had also agreed on joint representation in foreign countries.

Finally, Herr Hallstein announced a series of measures to unify the Communities' administrative services, including uniform conditions for all employees ; joint recruitment,

*Steel-making in one of ARBED's Luxembourg mills. The problem of including steel in a Free Trade Area was one of the topics discussed at Strasbourg.*





*Mr. Dirk Spierenburg,  
Vice-President of the  
High Authority, address-  
ing the Assembly.*

pensions and insurance schemes ; a single translation and interpretation organisation ; and joint publications, duplication and distribution services.

### **High Authority's Sixth Annual Report**

For the remainder of the session, the Parliament was immersed in debate on the reports of its standing committees on the various sections of the High Authority's Sixth Annual Report. A resolution adopted on the operation of the Common Market for coal and steel urged :

#### *For coal :*

(1) That the High Authority aid in finding a solution to the problem of coal stocks, which are now at a particularly high level (see next column) and also examine the long-term prospects of the coal industry with particular reference to the Community's growing energy needs ;

(2) That the reorganisation, rationalisation and modernisation of the Belgian coal mines be speeded up so as to make the Belgian industry competitive in the Common Market ;

(3) That the High Authority watch closely the coal-selling organisations of the Ruhr, especially their price policy, and use the opportunity presented by its impending renewal of their authorisation to insist on full observation of the Treaty rules against cartel practices.

#### *For steel:*

That Governments stop their unilateral action on steel prices and come to an agreement, among themselves and with the High Authority, in the Council of Ministers, if in any particular country the course of prices threatened economic development.

#### *On mergers:*

The Parliament warned of the dangers which vertical integration could bring with regard to the curtailment of supplies coming on to the market, and also urged the High Authority to take into account the possible political consequences of mergers.

#### *On labour questions:*

The Parliament adopted without division a resolution which called on the executives of the three Communities to work out in co-operation with the Six Governments a joint policy for stability of employment; urged the High Authority to work out, again with the Governments, a miners' charter; congratulated the High Authority on its third housing programme plans; and demanded special housing and vocational training programmes for migrant workers.

## **RECENT TRENDS IN COAL AND STEEL**

At the beginning of July, M. Roger Reynaud, a member of the High Authority, told the Consultative Committee of the E.C.S.C. that there was a likelihood that the third quarter of this year would mark the end of the steel recession which has continued for several months. He quoted several favourable factors: the uninterrupted improvement in real consumption of steel, a revival in orders from non-Community countries in the hard-hit Benelux market, and the steadying of international prices.

### **Steel Orders Soar—**

Since then his forecast has been backed by a series of clear signs of the upturn. In the first place, total orders for rolled products booked by Community steel firms in June shot up to a total of 3,450,000 metric tons—the highest since October, 1957, when 3,596,000 tons of orders were booked. Particularly encouraging was a sharp rise in orders from non-Community countries to an all-time record level of 1,281,000 tons, substantially more than the previous peak of 945,000 recorded as far back as July, 1956.

Part of the reason for the brisk export activity was the registering of substantial orders from China and the U.S.S.R., who made their first appearance in the Community's market for some considerable time. The Chinese interest was attributed to the non-renewal of the Sino-Japanese trade agreement, while Russia is known to come into the market when she believes prices to be at the bottom of the curve. But even without these additions, export orders in June would have equalled the previous record.

#### *Other favourable factors were:*

- (1) the steadying of prices which started in mid-May, bringing reinforcing rods up to \$80 and then \$82, from the low of \$76;
- (2) the widespread exhaustion of consumer stocks. Although dealers still hold high stocks and are buying only for replacement, users are now in the market again for substantial quantities ; and
- (3) the holding-up throughout of demand from certain active sectors of the economy, notably the building industry.

### **—But Coal Stocks Still Rising**

Pithead coal stocks in the Community rose by a further 1½ million tons in June, to reach 18.4 million at the end of the month, according to provisional figures published by the High Authority's Statistics Division. This total compared with 16.8 million at the end of May, and 5.96 million at the end of June, 1957.

Further substantial increases occurred during the month in Germany (Federal Republic)—from 4.9 to 5.6 million tons (against 0.6 a year earlier)—and in Belgium—from 4.5 to 5.0 million (0.3 million).

*Vital raw materials on the move in the Community. In recent months the Belgian coal industry's problems have been given special attention by the High Authority.*



## HIGH AUTHORITY ACTS IN BELGIAN COAL CRISIS

### NEW READAPTATION MEASURES

Large-scale readaptation aid for Belgian miners has been decided on by the High Authority in agreement with the Community's Council of Ministers, following requests from the Belgian Government for help in the present crisis of its coal industry. Six thousand miners, who will be affected by a recent decision to close seven pits in Belgium, are to benefit from the decision, and a further 400 affected by proposed closures will also receive help if a request by the High Authority is accepted by the Council.

These moves have followed hard on the heels of a stay-down strike of 600 Belgian miners at Kessales (Liège) which was accompanied by a strike of some 25,000 miners in the Liège coalfield at the end of June, in protest against the proposed shutting down of a number of uneconomic mines. The miners' action underlined the warning given by the High Authority's President, M. Paul Finet, to the last meeting of the European Parliamentary Assembly in Strasbourg. "During the coal year which has just closed," he said, "the problem of Belgian coal has been growing daily more acute." Shortly afterwards the Belgian Minister of Economic Affairs told the National Coal Council in Brussels that coal stocks were accumulating at a rate which might mean a total of eight million tons by the end of the year. The High Authority's sixth annual report, published in April, said that "the problem of the integration of Belgian coal has not been resolved. Many questions remain to be settled and the High Authority has grave fears about them." Its warning was proving justified.

#### Origins of the Crisis

The causes of the present serious difficulties in the Belgian coal industry are not difficult to find. When the Treaty of the Coal and Steel Community was drawn up it was recognised that special measures would be necessary to make Belgian coal competitive in a common market, handicapped as it was by the

natural difficulties of narrow, deep seams, by small, high-cost and out-of-date mines and by a chronic labour problem. The boom conditions which prevailed during the five years of the transition period in which these measures were applied, however, masked the urgency of the situation. The shortage of coal within the Community made it temporarily possible—and indeed desirable—to keep some otherwise uneconomic mines in production, and removed the major incentive for taking those remedial measures which were clearly necessary in the long run.

By the time the transition period came to an end in February this year, therefore, it became speedily apparent that not enough had been done to prepare the industry for its full integration in the Common Market. For not only was it then exposed to the competition of other, and more economic, coal-producing countries within the six countries, but it also had to compete with imports of coal into Belgium from the United States under long-term contracts which had been concluded during the boom. These were still running at the rate of more than two million tons a year at the moment when signs of a recession began to appear in the spring. Together the two new factors—increased competition and a slackening of demand—produced very quickly a critical situation. Stocks began to rise sharply—from three to five million tons between the end of March and the beginning of July, and urgent new measures to contain the situation became necessary.

#### Transition Period Help

As a first step, the Belgian Government notified the High Authority that it would seek the prolongation of aid for the country's coal mines for a further year, as it was entitled to do under the Treaty. Until the end of the 5-year transition period on February 10, 1958, aid to the Belgian mines had taken the form of a compensation fund, to which the Community's low cost coal producers (West Germany and the Netherlands)

contributed, and from which payments were made to Belgian coal producers, while the Belgian Government contributed at least an equal amount. The payments, which amounted to a total of \$117 million over the 5-year period (including the Belgian Government's contribution of some \$68 million), took two main forms—help to bring the price of Belgian coal to all consumers in the Common Market down to the general Community level, and compensation to Belgian coal producers or dealers who sold to consumers in the rest of the Community.

The object of these measures, which were successively modified to meet the changing situation and to concentrate aid on those mines which had prospects of becoming competitive, was to bring the price of Belgian coal more into line with the general price level in the six countries, and to permit its eventual full integration in the Common Market by the end of the transition period. In addition, a large-scale plan of re-organisation and re-equipment was drawn up by the Belgian Government.

### The Borinage—a Special Problem

Special help was planned for the mines of the Borinage in South Belgium which, with their low average productivity and high costs, had long been recognised as presenting a special problem.

As far back as 1938 it had been decided that it had become necessary to begin closing mines in this area. At the end of 1953 a special committee of independent experts recommended a programme of radical reorganisation for four of the enterprises concerned—Cockerill-Ougrée (Charbonnages Belges), Levant-Flénu, Ovest de Mons, and Hainault. Certain mines were to be closed, and new financial agreements arranged between the Belgian state and the enterprises involved. A special annual sum of 200 million Belgian francs was set aside to help these mines, and the High Authority itself maintained a special compensation payment of 130 million Belgian francs.

When a new classification took place, it was recognised that subsidies to these mines from the Belgian Government would continue, the payments covering the major part of their losses. In May, 1957, however, the High Authority returned to the problem, expressing its anxiety about the slow progress in the matter. It pointed out that none of the mines concerned had succeeded in producing the tonnages forecast, that their revenues continued to fall short of what had been expected, and that the total of subsidies paid, far from decreasing, would have to be increased because of unforeseen complications.

### Results of the Transition Period

During the five years of grace allowed by the Treaty, certain progress was achieved in the general situation of the Belgian coal industry. Some advance was made towards a greater rationalisation of production by the closing of a number of small uneconomic mines—

TABLE I. NUMBER OF BELGIAN MINES IN OPERATION, 1952 & 1957

	1952	1957
Southern Coalfield ... ..	136	113
Campine ... ..	7	7
TOTAL ... ..	143	120

and important progress was made in the concentration and modernisation of sorting and cleaning equipment, as well as with electrification both underground and on the surface. The productive capacity of a large number of pits was also increased, thanks to more modern equipment and more rapid

transport from the coal face and productivity increased, though unevenly and with difficulty due to the instability of the labour force, and without restoring total Belgian coal production to its 1952 level.

TABLE II. BELGIAN COAL PRODUCTION, 1952-57  
(millions of metric tons)

Year	Southern Coalfield	Campine	Belgian Total	Community
1952 ...	20,672	9,172	30,384	238,883
1953 ...	20,577	9,483	30,060	236,961
1954 ...	19,991	9,258	29,249	241,653
1955 ...	19,833	10,144	29,978	246,401
1956 ...	19,085	10,468	29,555	249,092
1957 ...	18,755	10,331	29,086	247,888

The period was, however, marked by the disaster of Marcinelle in August, 1956, when, out of 263 miners killed, about half were Italian immigrants. As a consequence the Italian Government temporarily suspended the emigration of their nationals into Belgian mines. Another negative feature was that the cost of mining Belgian coal, at the end of 1957, was more than 40 per cent. higher than the average cost for the whole of the Community, and almost 50 per cent. more than Ruhr coal. Similarly, the selling price of Belgian coal in comparison with that of the Ruhr also rose during the period, and early in 1958 imported Ruhr coal was selling in Belgium more cheaply than home-produced supplies.

### Assembly Confirms High Authority's Criticism

The High Authority's latest Annual Report, published earlier this year, therefore concluded that the Belgian coal industry was still in a difficult position, characterised by high costs (except in the Campine), selling prices which even in Belgium itself were higher than those of its big competitors, and by the impossibility of integrating a portion of its productive capacity in the Common Market without the aid of special subsidies. It was therefore particularly vulnerable to changes in the general market situation, a lessening of demand leading immediately to large stocks of unsaleable coal. "The results of the measures taken", the Report concluded, "were certainly not equal to the efforts made", and it was vital to define a strict programme of reorganisation in agreement with the conditions laid down by the High Authority itself.

A study of the Market Committee of the European Parliament, submitted to its June session by a Netherlands member, H. A. Korthals, confirmed the general lines of this analysis. The Committee, noting the succession of measures undertaken by the High Authority, concluded that the Belgian Government and the Belgian coal industry shared the responsibility for this situation. Production costs had increased at a disquieting rate, too many unproductive mines remained in being, and the price of Belgian coal had got further and further out of line with that of the rest of the Community. The Committee, in deciding to await a further clarification of the situation from a special committee set up by the Belgian Government, urged the High Authority to take energetic action to hasten the necessary measures, and suggested that it should consult with the Commission of the Economic Community with a view to providing new jobs for miners who might be put out of work by the closing of uneconomic pits.

### Recent Measures: Restriction of Imports and Readaptation Aid

The continuing heavy increase in stocks of unsold coal led the Belgian Government to take a number of measures in agreement with the High Authority. In the first place, it decided in

(cont. on p. 12.)



# EURATOM YEAR ZERO

## Commission Reports on Community's Nuclear Industries

A comprehensive picture of the state of nuclear development in the six countries of the European Atomic Energy Community (Euratom) at the moment when the Treaty came into force—at the beginning of this year—has now been drawn up and presented to the European Parliamentary Assembly.

The main conclusion of the Report—"Euratom Year Zero" as it has been called—is a firm contradiction of what it describes as "the erroneous view that little has been accomplished and that therefore everything remains to be done before the Community can embark on large-scale achievements". Nevertheless, great efforts are still necessary. "Existing projects", the Report says, "are a first step. But it remains a modest step in the light of future possibilities and in comparison with certain programmes in non-member countries. Moreover, existing projects will not, in all likelihood, enable the Community to reach by 1967 the target of 15 million eKW set by the 'Target for Euratom' report, aimed at stabilising net imports into the Community by 1963. However, this stabilisation remains a major necessity towards which unflagging efforts must be made."

The Report has been drawn up by the Euratom Commission according to the terms of the Community's Treaty which required it to be produced within six months of its taking up office (which it did on January 10, 1958). It includes chapters on the following subjects:

- national and international organisations, including firms and industries, engaged in nuclear affairs;
- resources and production of raw materials and fuel;
- the various stages of the fuel cycle;
- moderators and other relevant materials;
- research reactors, planned, built, or under construction;
- power reactors;
- production and use of radioisotopes;
- industrial aspects of nuclear energy;
- Euratom's energy economy;
- general conclusions, including a map of the Community's main nuclear installations, together with a brief outline of the atomic energy process.

### Points from the Report

**Power Reactors:** The total capacity of the 8 power reactors built, under construction, or planned in the six Euratom countries will be in the region of 660 eMW, according to the Report.

Of these reactors (5 in France, 2 in Italy, and 1 in Belgium), the only one as yet in operation is Reactor G1 at Marcoule in France, which is still of an experimental character. The maximum installed nuclear power capacity of the Community by 1965 will probably be in the region of 3.5 to 4 thousand eMW.

**Research Reactors:** The total number of research reactors built, under construction, or planned is 25: 9 in France, 7 in the German Federal Republic, 4 in Italy, 3 in the Netherlands, and 2 in Belgium. Of all these, 7 are at present in operation—5 in France, 1 in the German Federal Republic, and 1 in Belgium.

**Costs:** As regards nuclear power costs, it has been seen that in certain conditions nuclear electricity is already competitive with conventional electricity, and that it will become more and more so.

**Supplies:** Regarding fuel supplies, the uranium output at present available to the six Euratom countries is less than 700 metric tons a year, compared with 8,000 tons a year in the United States and a probable output of 10,000 to 15,000 tons a year by 1960 in Canada. But current uranium output is expected to increase greatly, and the Community has access to large reserves which will reduce import needs once they are put into production.

**Fuel Cycle:** The problem of the fuel cycle, i.e., the whole complex of operations ranging from the enrichment of uranium by isotope separation to the manufacture of fuel elements and the treatment of irradiated fuel in the reactor, is still at the research and planning stage in most Community countries.

**Ancillary Industries:** While in the immediate future the peaceful application of nuclear energy is concentrated mainly on electricity production, its possible applications cover a very

## NEGOTIATIONS WITH GREAT BRITAIN

Negotiations for an agreement between Euratom and the United Kingdom, which began in mid-June in London, were resumed in Brussels on July 14-15. A communique issued after the meeting said that the talks had clarified the various aspects of the collaboration envisaged between the two sides, and that a further meeting would be held, probably in London, in mid-September. Commenting on the announcement, the *Financial Times* said that it was understood that two aspects which required further detailed study concerned insurance and inspection.

In reply to a question in the House of Commons on July 17, it was stated on behalf of the Government that

the agreement was likely to contain similar provisions to those in the U.K.-Italy Agreement by which nuclear fuel, and assistance in the manufacture of fuel elements, would be provided by the United Kingdom.

In the meantime, the British representative accredited to Euratom, Sir William Meiklerid, presented his credentials to M. Louis Armand, President of the Euratom Commission, on July 9. It was subsequently announced that Sir William, who has been the representative of the U.K. to the High Authority of the E.C.S.C. since 1955, was shortly to retire, and that his successor would also be accredited to both Communities (see page 11).

*M. Louis Armand, President of Euratom's Commission, chats with M. Francis Perrin, French Atomic Energy Commissioner, during a visit to the European Community Pavilion at Brussels. In the background, a large-scale view of the European Parliamentary Assembly in session.*



wide range of the economic activities of the six countries, and there is scarcely any branch that it does not affect. Motive power for vehicles, domestic and industrial heating, and radioisotopes, all offer large possibilities. Moreover, nuclear activities will extend to a growing number of firms, and will not be restricted to entirely new enterprises or to specifically nuclear firms. While the planning, installation and operation of reactors will certainly require the scientific, technical and financial resources of large-scale firms, the very multiplicity of the various nuclear activities offers smaller firms possibilities for specialisation. The exploitation of nuclear energy in all its forms will not therefore necessarily be the sole prerogative of large combines. Medium-sized firms, and even small firms, will be able to participate if they seize their opportunities.

*Radioisotopes, etc.* The production and application of radioisotopes, still on a small scale in the six Community countries, will grow in importance. It is likely that exports of radioisotopes, as well as of special metals, etc., will be possible within the near future. The applications of radioisotopes stretch over a very wide field, including agriculture and the food industry, medicine, scientific research, and the technical side of industry.

The increase in value of the production, the import, and the use of radioisotopes in itself gives only an inadequate idea of future trends, since the prices of radioisotopes have fallen in recent years, and this fall in prices still continues.

### **No Systematic Intervention**

The Euratom Commission, says the Report, "has in no sense the intention of pursuing a policy of systematic intervention which might hamper spontaneous initiative or lead the policy of the six countries into isolationist or autarchic paths. On the contrary, the nuclear industry will have the best chance of development in a climate of collaboration and mutual contact leading to frank and healthy competition. In line with the provisions of the Euratom Treaty and with existing international agreements, such competition will not be limited to the industries of the six countries, but must be extended equally to the industries of other countries, in particular the United States and the United Kingdom."

### **Conclusions**

"These first conclusions," says the Euratom Commission's

Report, "seem to us to show that the technological needs of nuclear activities are capable of creating a fresh climate which will benefit the whole of the industries of the Community . . ."

"While excessive optimism must be guarded against, the Commission believes that, in so far as the present Report enables conclusions to be drawn, it can affirm its confidence in the European nuclear industry . . ." "If the harvest is far from ripe, at least the crop is springing up."

### **Euratom's First Research Projects**

Euratom's first research projects are likely to comprise the establishment of the Community's common research centre, the setting up of a documentation centre and standards bureau, the building of an electro-magnetic separator, and studies on fusion, as well as experimental and prototype reactors. This was announced on July 7, 1958, at the second meeting of the Atomic Energy Community's Scientific and Technical Committee, presided over by Professor Eduardo Amaldi, Vice-President of the Italian National Council Research Committee, and professor of physics at the University of Rome. The first Euratom research programme forms part of the five-year programme whose general directives are laid down in the Treaty, and whose total budget amounts to \$215 million. It will take into account existing national programmes, and will be carried out in close collaboration with existing national research centres as well as with international organisations.

This first research programme was discussed in detail at the meeting of the Scientific and Technical Committee and described in a Press conference given by M. Armand, President of the Euratom Commission, and by the Bureau of the Committee. The meeting took place in the Pavilion of the European Community at the Brussels world exhibition.

The Scientific and Technical Committee, which is charged by the Treaty to give its opinion on the Community's research programme, is composed of 20 highly qualified scientists, appointed in their personal capacity for a period of five years by the Council of Ministers. They are not allowed to accept instructions. In addition to the President, the bureau of the Committee includes as vice-presidents Professor H. Holthusen and M. Georges Devillez. M. Francis Perrin, French commissioner for atomic energy, is also a member of the Committee.



*A housing estate, built with the aid of Community funds, in Luxembourg.*

## HIGH AUTHORITY'S NEW HOUSING PROGRAMME

The High Authority has approved the launching of a third programme for the construction of housing for coal and steel workers in 1959 and 1960. The third programme, which should provide some 18,000-20,000 houses and cost approximately 100 million dollars, will bring the total for all the High Authority's housing programmes to more than 55,000 dwellings.

For the new programme, the High Authority will make direct loans totalling 15 million dollar-units of account at a very low interest rate from its own special reserve of funds accumulated from interest and fines. In addition, it plans to make available at least an equivalent amount through loans which it will raise directly on the Community's capital markets on terms more favourable than could be obtained by the bodies undertaking construction. Thus, as in the second programme, the average rate of interest will be considerably lowered. This means lower rents for the houses which are to be let and lower purchase prices for the houses which are sold to coalminers or steelworkers.

The High Authority's decision still requires approval of the Council of Ministers, under Article 54 of the E.C.S.C. Treaty which requires the Council's approval for the granting of loans to bodies other than the Community's coal and steel enterprises. In this case, construction of the houses is undertaken in some cases by coal and steel firms, but frequently also by municipal authorities.

As at April 1 this year, the High Authority's housing programmes envisaged the construction of 36,861 dwellings, of which the financing for 30,590 has so far been arranged. Dwellings already completed number 12,639, while 11,073 dwellings were under construction and a further 6,878 still in the planning stage. Total cost of these programmes has been over 200 million dollar-units of account, to which the High Authority has contributed a total of 68.8 million—2 million as

direct grants to experimental programmes, 18.4 million as direct loans from its own funds, and the remainder from funds specially borrowed by the High Authority for the purpose.

The following table shows the method of financing adopted by the High Authority for the second housing programme, and in particular the way in which the High Authority has used a relatively small sum, by comparison with the total cost of the programme, to produce a low average interest rate and to build the largest possible number of houses.

Country	Number of dwellings envisaged	Total Cost		Participation by the High Authority			Other sources of finance
		In millions national currencies	In millions of E.P.U. accounting units	direct	indirect	total	
				in millions of E.P.U. accounting units			
Germany ...	12-300	DM 315,0	75,0	7,1	10,7	17,8	57,2
Saar ...	700	FF 1-720,0	4,1	0,7	1,4	2,1	2,0
Belgium ...							
Luxembourg ...	1-000	FB 292,5	5,9	3,8	2,1	5,9	—
France ...	1-100	FF 3-750,0	8,9	3,6	—	3,6	5,3
Italy ...	2-500	Lit 7-000,0	11,2	2,1	0,6	2,7	8,5
Netherlands	1-250	Flh 20,6	5,4	1,1	4,2	5,3	0,1
Community	18-850	—	110,5	18,4	19,0	37,4	73,1

So far, roughly half the houses built have been to rent and roughly half are being sold outright, on easy mortgage terms, to the coal and steel workers to whom they are allocated. The proportions in four of the Community countries have been approximately as follows:—

		<i>Sold outright.</i>	<i>Rented.</i>
Belgium (first programme)	...	30%	70%
France ( " " )	...	70%	30%
Germany ( " " )	...	50%	50%
Netherlands (second programme)	—	—	100%



# COMMUNITY NEWSBRIEFS

**EURATOM : COMMON MARKET : E.C.S.C.**

## **New U.K. Representative Appointed**

The British Government has appointed Arthur Harry Tandy, C.B.E., to be head of the United Kingdom Delegation to the High Authority of the European Coal and Steel Community and British representative with the Euratom Commission. He succeeds Sir William Meiklereid, K.B.E., C.M.G., who is retiring from the Foreign Service. Like his predecessor, Mr. Tandy will have the personal rank of Ambassador.

Sir William Meiklereid has been head of the British Delegation to the High Authority since August, 1955, and representative to Euratom since May of this year. Born on October 12, 1899, he entered the Foreign Service in 1923 and served in various consular capacities in Far Eastern countries. He was successively Consul-General in Dakar, Saigon and San Francisco, before taking up an appointment as Commercial Minister in Paris in 1950. His period in Luxembourg has been marked by cordial relations between Britain and the Community and a growing practical co-operation, typified by the agreement on mutual reduction of steel tariffs, in the Council of Association.

His successor was born in 1903, and entered the British Foreign Service in 1926. He became Commercial Counsellor in Paris in 1946, and in April, 1948 was seconded to the International Secretariat of the O.E.E.C. In 1949 he was appointed Commercial Counsellor in Brussels and in 1955 Commercial Minister in Paris.

## **Common Market**

### **Stresa Agricultural Conference**

The Agricultural Conference of the member states of the Common Market, which met at Stresa from July 3-July 11, concluded its work by agreeing on a series of recommendations for consideration by the Common Market Commission which is charged by the Community's Treaty to draw up proposals for a common agricultural policy within the next two years.

The Conference underlined the need for the integration of agriculture within the common market economy, for the creation of close political and economic ties with non-member countries, for the rationalisation of production, the increase of productivity, and the raising of the social status of agricultural workers. It also stressed the need for a large-scale investment effort to modernise the agricultural systems of the six countries, and for detailed statistical studies of their needs and resources.

Attended by some 150 representatives of governments and professional associations, the Conference was presided over by Dr. S. L. Mansholt, Vice President of the Common Market Commission. The Ministers of Agriculture of the member states were also present. Detailed reports on the present situation and future prospects of agriculture in each of the six states were presented, after which the main business of the conference was delegated to three committees whose reports will now be studied by a special working group set up by the Common Market Commission.

## **Rules of Competition Discussed**

On the invitation of the Commission of the European Economic Community, an exchange of views took place on July 15, between representatives of the Union of Industries of the European Community and the Commission on the subject of Articles 85-89 of the Treaty, i.e., rules of competition. Taking part in this meeting on behalf of the Commission were the President and Members of the Commission's "Competition" Group, MM. von der Groeben, Marjolin and Rey, together with the General Director of Competition Division, M. Verloren van Themaat, and other high officials.

In an introductory talk, the President of the working group, M. von der Groeben, expressed the hope of achieving constructive collaboration between the Commission and industry. The practical difficulties encountered by industry in this field would be taken into account as far as possible, but on the other hand, the understanding and collaboration of industry was necessary for the thorough application of the basic principles of the Treaty. Under Article 88 of the Treaty the Member States of the Community have assumed the obligation to take not only national legislation but also the requirements of the Treaty as a basis for decisions on the admissibility of agreements restricting competition. At the same time the Commission under Article 89 has to see to the practical realisation of the principles laid down in Articles 85 and 86. The practical consequences resulting therefrom for the economy of the Member States will become more and more important as trade restrictions are gradually removed. Every effort will be directed to the prevention of practices which might harm the development of the Common Market.

The President of the Union of Industries of the Community, M. Bekaert, thanked the Commission for the opportunity for discussing industry's problems together. For his part he also expressed the hope of achieving constructive collaboration with the Commission in the future. In further continuation of the meeting, representatives of industry had the opportunity to discuss practical questions of detail. They underlined in particular the uncertainty of interpretation of the rules of competition and the resultant insecurity on the economic plane. The representatives of industry were of the unanimous opinion that a uniform application of the Treaty's basic principles should be the aim. The Commission stated that it had already turned its attention to these problems and that it was at present seeking a practical solution.

## **E.C.S.C.**

### **High Authority Raises New \$50-million Loan in U.S.**

The High Authority's second public loan in the United States was opened to subscription on the New York market on June 25 and quickly over-subscribed. The issue, which was handled by an influential syndicate headed by Kuhn, Loeb and Co., the First Boston Corporation and Lazard Frères and Co., comprised:

- (1) \$35 million of 5% 20-year bonds, offered at 97, giving a yield of 5.24% at the issue price;
- (2) \$15 million of 4½% notes, redeemable in 3, 4, or 5 years, offered at 99.72, 99.64 and 99.56 respectively, giving a yield of 4.6%.

Application has been made for official quotation of the bonds on the New York Stock Exchange.

This is the High Authority's second public issue on the New York market, the first, of \$35 million, having been made in April, 1957. It brings to \$215 million the total of loans raised directly by the High Authority for re-lending to Community enterprises for purposes in conformity with the General Objectives published by the High Authority.

The official communique announcing the new issue stated that "the strengthening of the High Authority's credit and the current situation of the American financial market have enabled it to float the loan on terms even more favourable than those obtained in April, 1957". It listed the following advantages:

- (1) larger amount (\$50 million as against \$35 million);
- (2) longer maturity (20 years for the bonds, as against 18 years)
- (3) lower interest rate (yield of 5.24% against 5.5% for the bonds and 4.6%, against 5%, for the notes).

All the High Authority's loans are secured under the Act of Pledge signed between the High Authority and the Bank for International Settlements, Basle.

### New Head for Austrian Delegation

Dr. Friedrich A. Kolb, who has replaced Dr. Carl H. Bobleter as head of the Austrian Delegation to the High Authority of the E.C.S.C., presented his credentials to President Paul Finet at the end of June. Dr. Kolb was born in Vienna in 1902 and studied psychology, history, geography and economics at Vienna University.

He is a well-known mountaineer, and has recently had published a book entitled *Einzelgänger im Himalaya*, now being translated into English. He has made three expeditions to the Himalayas, and has also taught history and other subjects for four years at a school in South India. From 1950 to 1953 he was permanent Austrian representative on the O.E.E.C. Economic Committee in Paris, and in April, 1953, he became deputy head of the Austrian Delegation to the High Authority.

Dr. Bobleter has been appointed head of the Austrian delegation to the O.E.E.C.

### African Representatives' Visit

Heading a group of African representatives who visited Luxembourg on July 18, M. Jules Ninine, President of the French National Assembly's Overseas Territories, and Deputy for the Cameroons, told members of the High Authority that the peoples of the overseas territories hoped that, with the help of the Community, they would be able to realise their great aspirations.

The African countries, he said, were young countries with immense economic needs and the will to improve their living standards with the aid of France and the Community, with which they are associated. After having long been regarded merely as a source of raw materials, these countries have become convinced that the European peoples now see them in a fundamentally different perspective.

Naturally, M. Ninine said, the economic development of these territories must be undertaken, and this could only be done by means of economic investment, but this development should be carried out in a spirit of complete equality and equity.

The group, which included senators from Madagascar and Chad, the president of the Gaboon Territorial Assembly, the Prime Minister of Middle Congo, Ministers from the Upper Volta and French Sudan Governments, was received by High Authority President, Paul Finet, Vice-President Dirk Spierenburg, and other members of the High Authority. In his speech of welcome, M. Finet said that, to acquire its full significance, co-operation between Africa and Europe must develop to the benefit of both communities, in the cultural and spiritual as well as the economic fields, "to prevent Europe from falling prey to the temptation to turn in upon herself, and to enable Africa to develop its scientific and cultural standards".

### High Authority Acts in Belgian Coal Crisis (continued from page 7.)

February to re-introduce import licences for non-Community coal, and at the same time to introduce certificates of origin for all imported coal, even that coming in through other Community countries. The High Authority authorised these measures in March.

Secondly, the Belgian Government decided on the closure of a number of pits, involving some 6,000 workers, and at the same time asked the High Authority for readaptation aid for those likely to be affected. With the approval of the Community's Council of Ministers, the High Authority decided in principle to give re-adaptation help (tiding-over allowances, re-training and re-housing payments) to those affected, on the usual condition of an equal financial participation by the Belgian Government. The total to be set aside for this could not be fixed, as it was hoped that most of the men could be re-absorbed in other mines in the country.

### The Future

The situation of the South Belgian mines continues uncertain and often difficult. But major changes are at last under way, spurred by the slackening in activity, as well as by the High Authority and the Belgian Government. It is hoped that they will be sufficient to safeguard the immediate interests of the mining communities affected, and also, in the longer term, ensure the ultimate stability and prosperity of this section of the Community's coal industry.

## For Further Information

For a list of publications, and details of other facilities offered by the Information Service of the High Authority, please write to:—

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